

This letter concerns the interim use exemption. See 86 Ill. Adm. Code 150.306. (This is a GIL.)

July 5, 2007

Dear Xxxxx:

This letter is in response to your letter dated June 19, 2007, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am writing to request a response in regards to dealership owned vehicles driven in other states.

We have an owner that resides in Arizona and drives one of the vehicles from our inventory on an Illinois dealer plate in Arizona. He was stopped by law enforcement and informed that he could not run an Illinois dealer plate on his vehicle in Arizona if he resides in Arizona.

Upon request, I was asked to order Illinois plates for his car that he has in Arizona. I instructed him that I would need to pay Illinois sales tax on the vehicle in order to purchase Illinois plates. The owner believes that he is tax exempt since the vehicle is owned by an Illinois dealership and that it is still for sale in our inventory.

Please send a legal ruling advising us how to proceed with handling the situation when dealership owned vehicles are driven by non resident owners.

Thank you for your attention n this matter.

**DEPARTMENT'S RESPONSE:**

Based on the information provided in your letter, I believe you are referring to the interim use exemption described in 86 Ill. Adm. Code 150.306. In order for the interim use exemption to be available for the use of a vehicle be a retailer, the vehicle must remain available for sale during the interim use period. In order to determine if the property is available for sale during the interim use period, the Department will consider the following factors, including but not limited to:

- 1) Purchaser's intent at time of purchase;
- 2) Books, records, inventory, and retail sales history of the business in general;
- 3) Retailer's ability to recall subject property if a buyer is located during interim use period;
- 4) Retailer's depreciation of property or claiming an IRC Section 179 deduction on the vehicle as a depreciable business asset;
- 5) How vehicle ownership is displayed: plates, titles and insurance;
- 6) Income received by retailer relative to actual use of property;
- 7) Displays of intent to sell property, window stickers, notices, advertisements; and
- 8) Length of interim use period.

We cannot provide you with a determination regarding whether the vehicle referenced in your letter is available for sale without additional information. The various amounts of information required to make this determination is best gathered by an auditor. However, the limited information you have provided regarding how the vehicle will be plated and its location in Arizona would be some of the factors that the Department would look to and tend to indicate, absent any other information, that vehicles does not appear to remain available for sale.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Terry D. Charlton  
Senior Counsel, Sales & Excise Taxes

TDC:msk